GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2229
ANSWERED ON:11.12.2015
Loan to Animal Husbandry
Misra Shri Ajay (Teni)

Will the Minister of FINANCE be pleased to state:

(a) whether the rate of interest on bank loans being provided to meet the requirements of animal husbandry sector is higher than other loans;

(b) if so, the details thereof along with the reasons therefor; and

(c) the corrective steps taken/ proposed to be taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): Interest rate on loans and advances has been deregulated by the Reserve Bank of India (RBI). Banks determine their actual lending rates on loans and advances with reference to the Base Rate. However, with a view to ensure availability of agricultural credit to farmers at an affordable rate, the Government provides interest subvention for short term crop loans upto Rs.3 lakhs at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%. Since this interest subvention is available only for short term crop loans, the same is not available for loans for the animal husbandry sector.